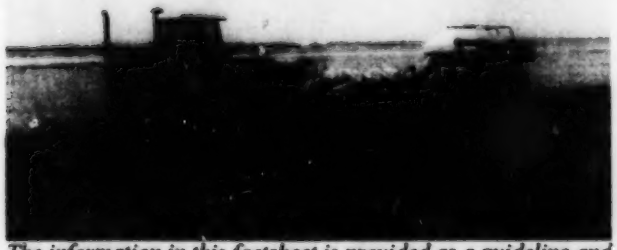
FARM FACTS

Farm Machinery Custom Rate Suggestions 2000

Produced by Saskatchewan Agriculture and Food

Introduction

This factsheet gives information regarding guidelines for custom rates for farm machinery. The information is provided as a guide and should be interpreted and adjusted for individual situations. Obtain a copy of the publication "Farm Machinery Custom and Rental Rate Guide 2000" for complete information on cost calculations for individual machines.



The information in this factsheet is provided as a guideline and should be interpreted and adjusted for individual situations.

The intent of this factsheet is to estimate custom rates using the ownership (fixed) and operating (variable) costs of farm machinery. They are calculated rates and are not based on the average rates charged by custom operators.

For individuals who have a custom farming business, other overhead costs such as transportation, liability insurance, utility costs, advertising and shop equipment need to be considered. Custom operators should determine these overhead costs before establishing their rates.

Interest on investment is calculated at 7.5% and assumes investment in machinery is 50% owned and 50% borrowed. Diesel fuel is charged at $0.61 per litre and gasoline is charged at $0.65 per litre.

Costing factors

The basis for the machine cost data is the cost of new equipment. This information was collected in January, 2000 using the most current equipment pricing guides of the major equipment manufacturers and various shortline manufacturers.

The custom rates are suggested rates for custom work including both the machine(s) and operator. The actual rate charged may be reduced if your capital, fuel and/or interest costs are less than those used in this calculation. Farmers should use these rates as guidelines for starting to negotiate an equitable rate for custom work.

Factors to consider when custom hiring

Custom hiring is a business arrangement. The terms of the arrangement should be written in a formal agreement. If unwritten, the terms are more likely to be misunderstood in case of a dispute.

The following should be considered in a custom hiring agreement:

Timelines

Significant losses can occur if an operation is not started or completed on time. To facili-

Sample Custom Farming Agreement

Date:_____

Section A

_____, hereinafter referred to as the "custom operator", agrees to conduct the following types of machine operations on the described farm land of _____hereinafter referred to as the "owner", located at _____Saskatchewan, for the year 20_____.

Description of Machine Operation	Legal Location	Acres	Fee Per Acre
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Note: Be specific about what each machine operation includes (i.e., harvesting - does it include swathing, combining with pickup and hauling the grain to the storage facility, or straight cutting the crop and hauling the grain to the storage facility?)

Section B

The custom operator agrees to complete the said machine operations according to the following schedule:

Machine Operations	Commencement Date	Completion Date
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section C

If during the term hereof, any of the goods and chattels of the custom operator are seized by any creditor, this agreement is forfeited and void.

The term owner and custom operator shall include the executors, administrators and assigns of the owner and custom operator, respectively.

Payment is due upon completion of said machine operations. Overdue accounts past 30 days subject to a 2% per month interest charge.

_____ _____

Witness Custom Operator

_____ _____

Witness Owner

Year 2000 Average Calculated Custom Rates

	Average Custom Rate
Powered Equipment	
Bale Wagons SP	$ 0.62/bale
Combines * (trucking not incl.)	19.33/ac
Grain Augers (7", 38-45ft)	11.99/hr
Sprayers SP (additional costs included)	2.41/ac
Swathers SP	12.36/ac
Tractors 2WD (30-69 hp)	.49-.62/PTO hp/hr
(70-180+ hp)	.45-.50/PTO hp/hr
Tractors 4WD (100-130 hp)	$.53-.55/PTO hp/hr
(250-400+ hp)	.27-.31/PTO hp/hr
Trucks pick-up 1/2 ton	41.11/hr
Trucks pick-up 3/4 ton	45.29/hr
Trucks grain 1 ton	67.42/hr
Trucks grain 3 ton	100.62/hr
Trucks grain 4 ton	131.18/hr

Drawn Equipment - Grain	
Air Disk Drills, Zero Till	13.26/ac
Air Hoe Drills, Zero Till	10.93/ac
Air Seeders, Minimum Till	9.55/ac
Air Seeders, Zero Till	12.43/ac
Anhydrous Ammonia Applicators	6.21/ac
Combines. PTO	18.95/ac
Cultivators, Field	4.52/ac
Cultivators, Heavy Duty	5.13/ac
Cultivators, Wide Blade	6.29/ac
Discers w/S.A., F.A.	7.46/ac
Disks, Heavy Breaking	16.77/ac
Disks, Heavy Tandem	7.78/ac
Drills, Disk Press	9.70/ac
Drills, Hoe Press	10.78/ac
Drills, Zero Till Gravity Disk	15.57/ac
Drills, Zero Till Gravity Hoe	11.34/ac
Fertilizer Spreaders	2.75/ac
Grain Augers PTO (8", 40-51 ft)	$.0105/bu
Grain Augers PTO (10", 50-60 ft)	.0079/bu
Grain Dryers, Batch (each % dried)	.15/bu
Grain Dryers, Continuous (each % dried)300bu.	.12/bu
Grain Dryers, Continuous (each % dried)600bu.	.08/bu
Grain Vacs	.03/bu
Granular Herbicide Applicators- Cult. Mount	.53/ac
Granular Herbicide Applicators- Trailer Type	1.58/ac
Harrows, Standard 5 Bar Tine	2.41/ac
Harrows, Heavy	1.80/ac
Harrow Packers	3.72/ac
Land Rollers	4.07/ac
Plows	19.10/ac
Rock Pickers, 3 Paddle Hydraulic	64.96/hr
Rock Pickers, Extra Large	74.28/hr
Rock Rakes	59.81/hr
Rock Pickers-Rock Rakes 20-22 ft hyd	101.97/hr
Rodweeders	3.96/ac
Sprayers, PTO (hauling water incl.)	3.57/ac
Swathers, Single Swath	5.25/ac
Swath Rollers	.10/ac

Drawn Equipment - Livestock and Forage	
Bale Movers, 7-8 Bales	$ 57.48/hr
Bale Movers, 12-14 Bales	92.22/hr
Bale Processors	76.91/hr
Balers, Large Round 5'x6'(twine incl)	11.14/bale
Balers, Standard, 14"x18" (twine incl)	.49/bale
Bale Wagons, PTO	.54/bale
Forage Harvesters, Medium	134.61/hr
Grinder Mixer, 120-150 bu	73.45/hr
Hay Rake, 15 ft wheel	4.77/ac
Manure Spreaders 140-199 cu ft	55.85/hr
Manure Spreaders, Liquid 1300-1899 gal	58.81/hr
Mower Conditioners	$ 15.01/ac
Mowers, Sickle, 9 ft	8.66/ac
Post Pounders	35.61/hr
Rotary Cutter, 10 ft	57.70/hr
Trailers, Livestock, 16 ft Bumper	52.68/hr
Tub Grinder, 8 T	85.30/hr
Front-end Loaders, 70-140 hp	56.12/hr
Scraper, 5.5-6.5 yd	98.73/hr
Snow Blowers, 8 ft Front Mount	100.07/hr
Snow Blowers, 8 ft Rear Mount	47.49/hr

Custom Trucking

Custom Rate from farm to market is $0.11/bu. for the first 3 miles plus $0.01/bu. for each additional mile.

* Custom Rate from field to yard hauling from one combine is $0.13/bu. for the first mile plus $0.01/bu. for each additional mile.

tate planning, a custom hiring agreement should include a schedule of operations for both parties. For example, when a custom combiner is picking up swathed grain, the schedule would outline time periods for swathing by the owner and combining by the custom operator. Such a schedule would be subject to weather conditions and crop maturity.

Operations

The parties should write into the agreement the exact operations to be performed by each party and the machine, materials and labour to be supplied by each.

Rate schedule

The custom operator should stipulate the rate for each operation to be performed on the basis of acreage, time (hour, day, week) or total cost of the operation performed.

Management

A custom hiring agreement should ensure that the custom operator will employ acceptable management practices in the farming operations.

Terms of payment

A custom hiring agreement should stipulate terms of payment for custom operations. The custom operator should bill the client upon the completion of each custom operation. The bill should indicate actual units (hours, acres, etc.) completed, the rate charged per unit, the total charge and the date payment is due.

Termination

A minimum period for notice of termination should be included in a custom hiring agreement. A penalty should be stipulated for unjustified termination within the term of the agreement.

Insurance

A custom operator may be considered differently than a farmer when insuring. It is advised that this point be clarified with the insurance company if one considers doing custom work or renting equipment.

Cost approach

This factsheet uses the cost approach of calculating custom rates. The cost approach may differ from the market custom rate normally charged for some operations. In reality the forces of supply and demand will determine the custom rates charged by custom operators.

This publication has been compiled by the Economics and Farm Management Section, Sustainable Production Branch, of Saskatchewan Agriculture and Food.

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